

DETERMINANTS OF CONSUMERS' CHOICE AND WILLINGNESS TO PAY FOR
QUALITY BEEF

ALINDA FRED

B. Agribusiness Management (MUK)

Regn. Number: 2007/HD02/9113U

A THESIS SUBMITTED TO THE DIRECTORATE OF RESEARCH AND GRADUATE
TRAINING IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF MASTER OF SCIENCE IN
AGRICULTURAL AND APPLIED ECONOMICS
OF MAKERERE UNIVERSITY

October, 2014

ABSTRACT

Understanding consumers' beef quality preference and willingness (WTP) to pay are pre-requisites to produce beef that meets consumers' eating satisfaction and increase beef demand. This study established the beef quality attributes consumers consider when choosing the beef to buy, defined quality beef to consumers, established the prices consumers would be WTP for beef with different quality attributes and the factors that influence consumers' WTP for quality beef. Data was collected through face-to-face interviews on a sample of 300 beef consumers in Uganda's capital city, Kampala. Data analysis utilized descriptive statistics and the Hedonic Price Model (HPM). Results indicated that consumers in Uganda consider fat content and bone content when choosing the beef to buy. Preference for fat content and type of fat varied significantly ($p < 0.05$) across consumers' income and education levels while preference for bone content was similar across these variables. Beef quality was defined and distinguished into three types and the respective consumers who would most likely buy a particular beef quality type were characterized. These are: (i) beef cut mixed with bones, with high fat content and covering carcass for the low income earners, less educated male or female consumers; (ii) beef cut mixed with bones, with low fat content and marbled for the high income earners, highly educated male or female consumers; and (iii) beef cut mixed with bones, fresh (not chilled) with yellowish fat and bright red lean for all consumers irrespective of gender, income and education levels. Consumers were WTP for the preferred beef quality types, a price significantly higher than they would pay for the non-preferred quality type and significantly higher than the prevailing market price. The high income earners, highly educated, male or female consumers would pay for the preferred beef type, a price significantly higher (by 33%) than they would pay for the non-preferred beef type and significantly higher (by 32%) than Ugshs 7,000, the prevailing market price of beef in Uganda. The low income earners, least educated, male or female consumers would pay for the preferred beef type, a price significantly higher (by 16.9%) than they would pay for the non-preferred beef type and significantly higher (by 14%) than the prevailing market price of beef in Kampala. The study concludes that consumers in Kampala generally consider beef cut with bones, less fat content and yellowish as good quality. The high income and highly educated consumers consider beef with low fat content and marbled while the low income and less educated consumers consider beef with high fat content and covering carcass as good quality. They would pay a premium price for beef with the preferred quality attributes with the

magnitude of price depending on their income and education levels. Beef producers and traders in Kampala can target to meet beef quality demand for the respective categories of consumers.